

**Assembly Bill No. 323**

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Passed the Assembly    August 16, 2004

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*Chief Clerk of the Assembly*

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Passed the Senate    August 9, 2004

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day of  
\_\_\_\_\_, 2004, at \_\_\_\_\_ o'clock \_\_M.

\_\_\_\_\_  
*Private Secretary of the Governor*

Second enrollment

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## CHAPTER \_\_\_\_\_

An act to add Article 7 (commencing with Section 999.50) to Chapter 6 of Division 4 of the Military and Veterans Code, relating to veterans.

## LEGISLATIVE COUNSEL'S DIGEST

AB 323, Parra. Nonprofit veteran service agencies.

Existing law authorizes any state agency, city, county, political subdivision, or district to, without advertising or calling for bids, purchase materials and supplies manufactured by, and services provided by, certain nonprofit California corporations, and to equitably apportion the business among those corporations, provided certain requirements are met.

This bill would allow a nonprofit veteran service agency, as defined, to be eligible for certification as a small business, as described, and be granted a small business bid preference, provided certain requirements are met.

This bill would state the intent of the Legislature in enacting these provisions.

*The people of the State of California do enact as follows:*

SECTION 1. Article 7 (commencing with Section 999.50) is added to Chapter 6 of Division 4 of the Military and Veterans Code, to read:

Article 7. Contracts with Nonprofit Veteran Service Agencies

999.50. It is the intent of the Legislature in enacting this article to encourage state agencies, cities, counties, districts, and other political subdivisions to purchase goods manufactured by, and services provided by, a nonprofit veteran service agency whenever it is both feasible to do so and the location of the nonprofit veteran service agency makes the purchases reasonably convenient.

999.51. (a) A nonprofit veteran service agency shall be eligible for certification as a small business under the Small Business Procurement and Contract Act, as described in Chapter



6.5 (commencing with Section 14835) of Part 5.5 of Division 3 of Title 2 of the Government Code, and may be granted a small business bid preference if it meets all of the following conditions:

(1) The goods or services meet the specifications and needs of the purchasing agency.

(2) The goods or services are purchased at a fair and reasonable price, as determined by the appropriate state or local agency.

(3) The nonprofit veteran service agency complies with all of the following requirements:

(A) The nonprofit veteran service agency shall employ veterans receiving services from the nonprofit veteran service agency for not less than 75 percent of the person-hours of direct labor required for the production of goods and the provision of services performed pursuant to a contract under this section.

(B) The nonprofit veteran service agency agrees to make those elections permitted of any nonprofit corporation under the Federal Insurance Contributions Act (26 U.S.C. Sec. 3103 et seq.) and the Unemployment Insurance Code in order to provide social security and unemployment and disability benefits for its employees, commencing with its first contract or purchase order under this section and continuing thereafter. In the event that the nonprofit veteran service agency ceases to provide those benefits, any existing contract or purchase order under this section with the nonprofit veteran service agency is terminated and no further contracts or purchase orders shall be awarded to that nonprofit veteran service agency for the period of two years after the nonprofit veteran service agency ceases to provide the benefits.

(C) The nonprofit veteran service agency does not commit any unfair labor practices, as defined in the National Labor Relations Act, at Section 158 of Title 29 of the United States Code.

(D) The nonprofit veteran service agency abides by the provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. Sec. 201 et seq.), the Walsh-Healy Public Contract Act (41 U.S.C. Sec. 35 et seq.), and the regulations of the Department of Industrial Relations (8 Cal. Code Regs. 1 et seq.).

(b) For purposes of this section:

(1) “Nonprofit veteran service agency” means a community-based organization that meets the following requirements:



(A) It is exempt from tax under Section 501(c)(3) of the Internal Revenue Code.

(B) Its principal purpose is to provide housing, substance abuse, case management, and employment training services for low-income veterans, disabled veterans, or homeless veterans and their families.

(2) “Direct labor” includes all work required for preparation, processing, and packing of a good, or work directly relating to the performance of a service, excluding supervision, administration, inspection, and shipping.

(3) A veteran receiving services from the nonprofit veteran service agency shall be considered an employee when performing productive work.



Approved \_\_\_\_\_, 2004

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*Governor*

